

ARTICLE 13-01

GENERAL ADMINISTRATION

Chapter
13-01-01 Organization of Department

CHAPTER 13-01-01 ORGANIZATION OF DEPARTMENT

Section
13-01-01-01 Organization and Functions of the Department of Financial
Institutions

13-01-01-01. Organization and functions of the department of financial institutions.

1. Organization of department.

- a. Scope. The department of financial institutions is responsible for the organization and regulation of all state financial institutions, excluding the Bank of North Dakota. The following types of state-chartered or state-licensed financial institutions are dependent upon the department in their organization, and are subject to its continued regulation:
 - (1) Banks.
 - (2) Trust companies.
 - (3) Savings and loan associations.
 - (4) Mutual savings corporations.
 - (5) Credit unions.
 - (6) Agents for deposit.
 - (7) Consumer finance companies.
 - (8) Collection agencies.
 - (9) Sale of checks.
 - (10) Money brokers.
 - (11) Deferred presentment service providers.

The department is also responsible for the examination of the Bank of North Dakota.

- b. Divisions. The department consists of the following three divisions, based on scope of authority and responsibility as delegated by the legislative assembly.
 - (1) Those responsibilities entrusted to the state banking board.
 - (2) Those responsibilities entrusted to the state credit union board.
 - (3) Those responsibilities entrusted to the department and the commissioner of financial institutions.
- c. Board composition and department personnel.
 - (1) The commissioner of financial institutions is appointed by the governor, with confirmation by the senate, for a term of four years. In addition to other qualifications, the commissioner must be a skilled accountant.
 - (2) The state banking board consists of the commissioner and six other members, with the commissioner as chairperson. The six members are appointed by the governor for a term of five years with one member's term expiring every year. Four of the members must have five or more years of experience in an executive capacity in the management of a state bank, one must have the five or more years of experience in an executive capacity in the management of a state or national bank, and one member shall be a lay member from the public at large. The banking board holds regular meetings in January, March, May, July, September, and November, with special meetings at the call of the commissioner.
 - (3) The state credit union board consists of the commissioner and four other members, with the commissioner as chairperson. Two of the members must have three or more years of experience as an officer, director, or committee member of a state-chartered credit union, one member of the board shall have had at least three years of experience as an officer, director, or committee member of a federally chartered credit union, and one member of the board shall be a lay member from the public at large. The credit union board holds regular meetings in March, June, September, and December of each year, and special meetings at the call of the commissioner.

- (4) By statute, the commissioner may designate one deputy examiner as chief deputy examiner, now entitled assistant commissioner. The assistant commissioner has authority to act during the absence or disability of the commissioner. The assistant commissioner, by statute, serves as the secretary of the banking board and the credit union board.
- (5) The attorney general of North Dakota is the ex officio attorney for the department and the boards.
- (6) The department employs two chief examiners who are responsible for the examination of financial institutions in subdivision a.
- (7) The department employs a business manager responsible for the operations and administrative detail of the department.
- (8) The department's examining staff consists of deputy examiners who are now entitled financial institution examiners and supervisory examiners, who the commissioner appoints, and who are under the direct supervision of the chief examiner.
- (9) In addition, the department staff consists of secretaries, who are under the direct supervision of the business manager.

2. Functions.

- a. The banking board is responsible for the organization and regulation of banks, trust companies, savings and loan associations, mutual investment corporations, banking institutions, and other financial institutions. A grant of authority from the board is necessary prior to the establishment and operation of any of the above organizations. The board has the power and responsibility to ensure compliance with the statutes, regulations, and sound banking principles, and to protect the depositors, creditors, and the public.
- b. The credit union board is responsible for the supervision of credit unions. This power concerns the operation of established credit unions and approves bylaws. The board is responsible for ensuring compliance with the statutes, regulations, and sound operational principles.
- c. The state credit union board has the authority to grant or deny approval for the organization of a credit union.

- d. The department, headed by the commissioner, has the responsibility of administering all other functions within its jurisdiction.
 - (1) The department licenses and regulates consumer finance companies, collection agencies, check sellers, agents for deposit, money brokers, and deferred presentment service providers.
 - (2) The department is charged with the responsibility of examining all financial institutions within its control, and the Bank of North Dakota. The examination process involves the inspection and analysis of all business affairs and the financial condition of the institutions it is charged with examining. This includes analysis of the assets, liabilities, methods of operation, management, recordkeeping, accounting systems, and compliance with all applicable laws and regulations.
- 3. **Inquiries.** All inquiries regarding the department of financial institutions may be addressed to the business manager. All requests for hearings and for participating in rulemaking may be addressed to the assistant commissioner, unless specific public notice directs otherwise.

Address correspondence as follows:

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